Exhibit C – National On-Farm Energy Initiative

Initiative Name and Acronym - National On-Farm Energy Initiative (NOFEI)

Initiative Description / Summary

The Agricultural Act of 2014 Section 2201 (16 U.S. Code Section 3839aa) authorizes the use of EQIP to address energy conservation. The initiative is designed to assist producers in two ways:

1) Identify ways to reduce energy use on their farms through development of a Conservation Activity Plan (CAP) 128 Agricultural Energy Management Plan (AgEMP), also known as an on- farm energy audit.

2) Provide assistance to implement various recommended measures using conservation practice standards that address inefficient use of on-farm energy.

Approved or Participating States and Application Periods

- All States and authorized territories are required to offer the On-Farm Energy Initiative.
- State Conservationists are encouraged to establish more than one application period for this initiative. Approvals of AgEMP CAP 128 applications on a more frequent basis may result in more timely assistance for applications for energy efficiency practice implementation.

ProTracts Requirements

1. Subaccount Guidance

Two account types, "On-Farm Energy" and "On-Farm Energy CAP" are available in ProTracts to support the On-Farm Energy Initiative.

a. The account type, "On-Farm Energy," with subaccount called "FYXX On-Farm Energy" may be used for both CAP 128 applications and other applications for implementation of conservation practices with the primary purpose of addressing inefficient use of energy.

b. "On-Farm Energy CAP" with subaccount "FYXX On-Farm Energy CAP" is available as an option for States with a large backlog of completed AgEMP CAPs to allow separation of applications for new AgEMP CAPs from applications to implement energy-related practices and to expedite approvals of AgEMP CAP applications.

c. Additional subaccounts must not be established at the State or local level to support the NOFEI.

2. Application, Evaluation, and Ranking Tool Guidance – Choice Lists and Matrix Data

a. Approved Land Types – States will assign the following applicable land types as eligible for this initiative. No additional land use types may be used for the initiative.

Approved Land Use
Crop
Pasture
Range
Farmstead

b. Approved natural resource concerns for NOFEI are listed in the following table. No additional resource concerns may be added or used in ProTracts AERT to support this initiative.

Natural Resource Concerns
Energy
Inefficient Energy Use – Equipment and Facilities
Inefficient Energy Use – Farming/Ranching Practices

c. Core practices required to be offered for this initiative:

Practice Name	Practice Code
Agricultural Energy Management Plan	128
Farmstead Energy Improvement	374
Irrigation Water Management	449
Pumping Plant	533
Lighting System Improvement	670
Building Envelope Improvement	672

d. Supporting practices for this initiative will address inefficient use of energy by—

1) Having a positive Conservation Physical Effects Evaluation (CPPE) value.

2) Reporting the energy savings and the associated environmental benefits (i.e., greenhouse gas and other air pollutant reductions) expected to be achieved from implementation of the practice.

Note: For the subaccount, "FYXX On-Farm Energy CAP," CAP 128 is the only core practice. There will be no supporting practices added under this subaccount.

3. Application, Evaluation, and Ranking Tool Guidance (AERT) – Ranking

The following are instructions for populating ranking questions and points in ProTracts AERT. The total ranking points associated with this initiative are to be distributed in AERT and approved ranking questions as follows:

AERT Level	Maximum Points	Point Percentage
National-Level Ranking Questions	250	25%
State-Level Ranking Questions	400	40%
Local-Level Ranking Questions	250	25%
Efficiency Score	100	10%
Total points for this initiative:	1,000	100%

States must adjust AERT "multipliers" in ProTracts to assure that the above target percentages will properly distribute available ranking points for each category.

State-Level Ranking Criteria Requirements

State ranking criteria are established by National Headquarters for this initiative. State-level ranking criteria will account for a total of 400 points. To support this initiative, States will enter all the following State-level criteria and points in ProTracts AERT for each approved subaccount.

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EQIP NOFEI State-Level Ranking Criteria	Points
1. If the application is for the development of a conservation activity plan (CAP), the agency will assign significant ranking priority and conservation benefit by answering "Yes" to the following question. Answering "Yes" to question 1a will result in the application being awarded the maximum amount of points that can be earned for the State-level questions.	
1a. Is the program application for development of a CAP for a TSP prepared Agricultural Energy Management Plan (128)? If answer is "Yes," do not answer any other State-level questions. If answer is "No," proceed with evaluation to address the remaining questions in this section.	400
2. With regard to applications containing energy efficiency practices (answer one of the following):	
2a. The application contains two or more core practices.	100
2b. The application contains at least one core practice and additional supporting practices.	50
2c. The application contains only supporting practices.	0
3. Water Conservation – Will the proposed project conserve water by (select all that apply):	
3a. Implementing irrigation practices that reduce energy and reduce aquifer overdraft?	50
3b. Implementing energy practices that recycle or reuse water?	50
4. Air Quality - Will the proposed application contain projects that improve air quality by (answer one of the following):	
4a. Implementing energy practices that have been evaluated to reduce on-farm generated carbon dioxide (CO_2) by 100,000 pounds or more?	100
4b. Implementing energy practices that have been evaluated to reduce on-farm generated carbon dioxide (CO_2) by at least 75,000 pounds but less than 100,000 pounds?	75
4c. Implementing energy practices that have been evaluated to reduce on-farm generated carbon dioxide (CO_2) by at least 50,000 pounds but less than 75,000 pounds?	50
4d. Implementing energy practices that have been evaluated to reduce on-farm generated carbon dioxide (CO_2) by at least 25,000 pounds but less than 50,000 pounds?	20
4e. Implementing energy practices that have been evaluated to reduce on-farm generated carbon dioxide (CO_2) by at least 10,000 pounds but less than 25,000 pounds?	10
4f. Implementing energy practices that have been evaluated to reduce on-farm generated carbon dioxide (CO_2) by less than 10,000 pounds?	0
5. Use the "Energy Cost Efficiency Worksheet" to calculate the estimated energy cost efficiency value for the conservation practices in the EQIP plan/schedule of operations. Answer one of the following questions:	
5a. Is the estimated energy cost efficiency 50 percent or more?	100
5b. Is the estimated energy cost efficiency between 30 and 50 percent?	50
5c. Is the estimated energy cost efficiency less than 30 percent?	25
Total Maximum Points:	400

Local-Level Ranking Criteria Requirements

Local ranking criteria will be entered into ProTracts at the State level. Consideration should be given to prioritizing practices that provide the greatest energy savings and associated environmental benefits. Equipment replacements that provide minimal energy efficiency may be disincentivized with negative points. Criteria that allocates points based on conservation practice payback period is not permitted.

4. Additional Initiative Guidance

a. Capturing Energy Benefits.—An "Energy Benefits" selection is available in ProTracts to capture estimated energy savings in millions of British thermal units (MMBtu) and estimated reductions of greenhouse gas (ghg) emissions. All conservation practice contract items that will be implemented as part of this initiative must be checked "yes," and the information provided as part of an NRCS-approved on-farm energy audit entered in the pop-up table.

b. The data from "Energy Benefits" is used for internal and external reports. It will be monitored for accuracy. Enlisting technical staff to explain to field staff the importance of this information and clarify the typical values expected for practices is encouraged to ensure accurate reporting.

c. If estimated values for ghg reductions are not available from an approved energy audit to populate the "Energy Benefits," they can be obtained from the COMET Farm Quick Energy tool, http://cometfarm.nrel.colostate.edu/QuickEnergy.

d. Entering default ghg amounts for conservation practices is discouraged. Information for environmental benefits should be farm specific and reflect fuel reduction values expected for the specific farm operation and location.

e. The "Energy Benefits" should be checked "no" for AgEMP CAP applications since energy savings and ghg emission reductions do not occur unless recommended measures provided in an AgEMP CAP report are implemented.

f. The "Energy Cost Efficiency Worksheet," an agency-approved worksheet, has been developed to calculate an energy cost efficiency score for ranking purposes. The worksheet uses information from an AgEMP, other ASABE S612 compliant on-farm energy audit, or COMET Farm to calculate an energy savings to project cost score.

5. Screening Criteria Requirements

The "NOFEI National Screening Criteria Worksheet" will be used to support all applications submitted for the initiative.